ROLL CALL 9:03 a.m.

Members Present: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella, Terris

Members Absent: Gray

Alternates Absent: Marshall, Tan

Counsel: Blakeboro

Clerk: Bignell

Trustee Marshall arrived at 9:09 a.m. Trustee Tan arrived at 9:31 a.m. Chair Terris was absent from 4:30 p.m. until 4:57 p.m.

PUBLIC COMMENT

There was no general public comment.

MINUTES


Chair Terris directed staff to include her previous statements regarding Items 1a and 1b in the amended minutes.

MOTION: Adopt corrected minutes Regular Board meeting of July 22, 2009.

Kendig/Rafferty Approved by unanimous voice vote of all present.
CONSENT

C-1. Sandra Roberts, service-connected disability retirement applicant: Receive and approve Hearing Officer Ernest Gould’s request for an extension of jurisdiction in which to complete the hearing in this matter up to and including 10-30-09 to accommodate applicant’s counsel’s schedule.


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D=Deferred
R=Reciprocal
Pend=Disability Pending

Trustee James requested clarification from staff about an entry in the Retirement Report.

MOTION: Approve Consent Agenda.

McCammon/Kendig Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella, Terris

Absent: Gray
2. Receive presentation from Board Actuary Milliman regarding funding policy alternatives, and confirm or modify funding policy.

Chair Terris introduced item.

Board Actuaries, Karen Steffen and Daniel Wade, presented Board of Retirement Amortization Schedules for the Unfunded Actuarial Accrued Liability for Milliman, and addressed issues raised by the Board.

Trustee Rafferty requested that Milliman use primary shapes to help delineate colors in their printed graph material.

Jason Stilwell, Assistant CEO/Budget Director, presented Comments on the Impact of Employer Contributions on County General Fund Expenditures for the County, and along with Susan Paul, Assistant CEO/HR Director, addressed issues raised by the Board.

Fiduciary Counsel, Harvey Leiderman, addressed issues raised by the Board.

Chair Terris recognized the following speakers’ requests to make public comment following the presentations:

Ramon Rubalcava, Director of Research and Policy at SEIU Local 721;
Rey Ybarra, Chapter President of SEIU Local 721/plan participant; and
Mark Langdorf, Executive Director for SEIU Local 620

The three speakers voiced support for Option 3, (Scenario 3), 30-year closed amortization period, becomes 15-year open/rolling after 15 years.

Trustees Patterson and McCammon made and seconded a motion to maintain the current funding policy. Upon further deliberation, Trustee McCammon withdrew her second, and the motion died.

CEO Vince Brown addressed issues raised by the Board.

Trustee Kendig requested that staff provide more conceptual information on asset smoothing.

**MOTION:** Table item to next regular Board meeting pending clarification of plan sponsors’ potential hardships from maintaining status quo; direct staff to come back with a 20-year cash flow analysis; and provide further information on Option 4, maintain the current funding policy, using a 15-year layered amortization of UAAL, while treating fiscal year 2008-2009, separately, with a 30-year closed amortization period

Patterson/James Approved by roll call vote.

Yes: Cholmondeley, James, Kendig, McCammon,
INVESTMENTS

7. Receive Quarterly Performance Report from PCA.
Sarah Bernstein, Principal, presented for PCA and addressed issues by the Board.
Vince Brown addressed issues raised by the Board.

**MOTION:** Receive Quarterly Performance Report from PCA.
Kendig/James Approved by unanimous voice vote of all present.
Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella, Terris
Absent: Gray

Eli Martinez presented item and addressed issues raised by the Board.
Vince Brown addressed issues raised by the Board.
Trustee James requested that staff come back with more information on the BNY Mellon CIS Active Cash account.

**MOTION:** Receive Portfolio Status Report.
Patterson/James Approved by unanimous voice vote of all present.
Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella, Terris
Absent: Gray

3. Receive presentations from investment managers recently placed on watch.
Sarah Bernstein introduced item.

a. **Artio Global Investors**
Mel Lindsey, Institutional Investments Director; and Patrick Maldari, Senior Portfolio Manager; presented for Artio Global Investors and addressed issues raised by the Board.

b. **STW Fixed Income Management Company**
William H. Williams, Principal, Chief Investment Officer and Portfolio Manager; and Neil G. Sutherland, Vice President and Portfolio Manager; presented for STW and addressed issues raised by the Board.

c. Reams Asset Management

Thomas M. Fink, Managing Director; and Mark Egan, Managing Director; presented for Reams Asset Management and addressed issues raised by the Board.

Trustee Patterson requested documentation on the sale of CIT.

d. Dimensional Fund Advisors (DFA)

Sonja K. Park, Vice President; and Robert T. Deere, Investment Director and Senior Portfolio Manager; presented for DFA and addressed issues raised by the Board.

MOTION: Receive presentations from investment managers recently placed on watch: Artio Global Investors, STW Fixed Income Management Company, Reams Asset Management, and Dimensional Fund Advisors (DFA).

Kendig/James  Approved by unanimous voice vote of all present.
Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella, Terris
Absent: Gray

Trustee James asked for information regarding possible Artio Global Investors investments in CIT.

4. Receive update from PCA Real Estate on real estate portfolio and performance, consider consultant recommendations, and take action as deemed appropriate.

Eliza Bailey, Senior Vice President, presented for PCA Real Estate and addressed issues raised by the Board.

Eli Martinez, Sarah Bernstein and Vince Brown addressed issues raised by the Board.

MOTION: Receive update from PCA Real Estate on real estate portfolio and performance.

Kendig/James  Approved by unanimous voice vote of all present.
Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella, Terris
Absent: Gray
DISABILITY RETIREMENT
CLOSED HEARING

9. Emilia Carreira, Applicant for Service-Connected Disability Retirement:
   Deny the application of Emilia Carreira for service-connected disability retirement, subject to timely requested hearing.

   **MOTION:** Deny the application of Emilia Carreira for service-connected disability retirement, subject to timely requested hearing.

   James/Cholmondeley Approved by unanimous voice vote of all present.
   Yes: Cholmondeley, James,
       Kendig, McCammon,
       Rafferty, Rotella, Terris
   Absent: Gray, Patterson

10. Eileen Dumong, Applicant for Non-Service-Connected Disability Retirement:
    Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Eileen Dumong a non-service-connected disability retirement.

   **MOTION:** Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Eileen Dumong a non-service-connected disability retirement.

   Kendig/James Approved by unanimous voice vote of all present.
   Yes: Cholmondeley, James,
       Kendig, McCammon,
       Rafferty, Rotella, Terris
   Absent: Gray, Patterson

11. Candace Poquette, Applicant for Service-Connected Disability (Michael Poquette, decedent):
    Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Candace Poquette service-connected disability retirement benefits (survivor continuance).

   **MOTION:** Adopt proposed Findings of Fact, Conclusions of Law and Decision granting Candace Poquette service-connected disability retirement benefits (survivor continuance).

   James/McCammon Approved by unanimous voice vote of all present.
   Yes: Cholmondeley, James,
       Kendig, McCammon,
       Rafferty, Rotella, Terris
   Absent: Gray, Patterson


   **MOTION:** Receive and file Disability Status Report, as amended.
OPEN MEETING

Counsel Blakeboro summarized the Closed Session actions taken on Disability Items 9, 10, 11 and 12 as listed above.

INVESTMENTS (Cont’d.)

6. Receive update on TIPS search process.
Sarah Bernstein presented item for PCA.

MOTION: Receive update on TIPS search process.

Kendig/McCammon Approved by unanimous voice vote of all present.
Yes: Cholmondeley, James,
Kendig, McCammon,
Rafferty, Rotella, Terris
Absent: Gray, Patterson

BOARD (Cont’d.)

13. Consider recommendation from Trustees Terris and Kendig regarding efforts to exempt SBCERS’ staff from the County’s anticipated furlough and salary reductions.

Chair Terris introduced item and recognized the following speakers’ requests to make public comment:
Mark Langdorf, Executive Director for SEIU Local 620; and Rey Ybarra, Chapter President of SEIU Local 721/plan participant.

Mark Langdorf stated that any proposal to exempt SBCERS’ staff from the County’s anticipated furlough would have to come from the County.

Rey Ybarra stated that his union was philosophically opposed to any furlough unless financially necessary.

Vince Brown, Counsels Blakeboro and Leiderman addressed issues raised by the Board.
MOTION: Do not direct CEO to bargain on behalf of SBCERS’ employees pursuant to Government Code Section 31522.1 and on advice of counsel.

James/Rotella  Approved by voice vote.
Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella
No: Terris
Absent: Gray

MOTION: Direct staff to bring back a memo to County and Union requesting that staff be exempt from any furlough and/or salary reductions, and to quantify the impact to the retirement system if furloughs are implemented.

Terris/Cholmondeley  Failed by roll call vote.
Yes: Cholmondeley, Kendig, Rafferty, Terris
No: James, McCammon, Patterson, Rotella
Absent: Gray

MOTION: Direct staff to draft letter to County and Union regarding the impact of furloughs on the Retirement System for discussion at next meeting.

Patterson/James  Approved by roll call vote.
Yes: James, Kendig, McCammon, Patterson, Rafferty, Rotella
No: Cholmondeley, Terris
Absent: Gray

MOTION: Board take a position that the Board does not want SBCERS staff subjected to furloughs and/or salary reductions.

Terris/Kendig  Failed by roll call vote.
Yes: Cholmondeley, Kendig, Terris
No: James, McCammon, Patterson, Rafferty, Rotella
Absent: Gray

INVESTMENTS (Cont’d.)

5. Adopt and post proposed Private Placement Agent Policy.

Secretary Patterson acted as Chair pro-tem in Chair Terris and Vice Chair Gray’s
absence.

Sarah Bernstein introduced item and, along with Counsel Leiderman, addressed issues raised by the Board.

**MOTION:** Adopt proposed Private Placement Agent Policy.

Kendig/James Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella

Absent: Gray, Terris

**BOARD (Cont’d.)**

15. Receive and file Trustee Education and Travel Report for Fiscal Year 2008-09.

Secretary Patterson acted as Chair pro-tem in Chair Terris and Vice Chair Gray’s absence.

Lila Deeds introduced item and addressed issues raised by the Board.

**MOTION:** Receive and file Trustee Education and Travel Report for Fiscal Year 2008-09.

Kendig/McCammon Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella

Absent: Gray, Terris

**CHIEF EXECUTIVE OFFICER**


Secretary Patterson acted as Chair pro-tem in Chair Terris and Vice Chair Gray’s absence.

a. Approve travel request from Trustee Rafferty.

Vince Brown presented item and addressed issues raised by the Board.

**MOTION:** Approve travel request from Trustee Rafferty.

Rotella/McCammon Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella

Absent: Gray, Terris
Absent: Gray, Terris

Chair Terris returned to the hearing room.

**MOTION:** Receive and file Chief Executive’s Department Operations Report.

Kendig/James Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella, Terris

Absent: Gray

**BOARD (Cont’d.)**

14. Consider recommendations from Trustee Terris regarding Investment Risk Advisory Committee membership changes:

Chair Terris introduced item and addressed issues raised by the Board.

Vince Brown and Alan Blakeboro addressed issues raised by the Board.

Trustee Patterson made two motions that died for seconds:

1. To continue Investment Risk Advisory Committee one more month and look into meeting twice a month at the next Board meeting; and
2. Wait to address matter until such time as a CIO has been hired.

**MOTION:** Direct staff to bring back structural options.

James/Patterson Approved by unanimous voice vote of all present.

Yes: Cholmondeley, James, Kendig, McCammon, Patterson, Rafferty, Rotella, Terris

Absent: Gray

**CHIEF EXECUTIVE OFFICER (Cont’d.)**

17. Board Presentations for next month:

a. Hamilton Lane Performance Review
b. Fixed Income Review
c. Real Estate Consultant contract
CLOSED SESSION
(5:10 p.m. – 5:45 p.m.)

CONFERENCE WITH LEGAL COUNSEL -- ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9 (b)(1) – one matter, and Government Code Section 54956.9 (c)(1) – one matter.

OPEN MEETING

Mr. Blakeboro announced that the Board had met in Closed Session to meet with Counsel with respect to anticipated litigation regarding Significant exposure to litigation pursuant to Government Code Section 54956.9 (b)(1) – one matter, and Government Code Section 54956.9 (c)(1) – one matter, and that no reportable action was taken with respect to either matter.

The meeting adjourned at 5:46 p.m.

ATTEST:

______________________________
Clerk

______________________________
Chair Pro-Tem

______________________________
Secretary